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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/714,739	11/16/2000	Thomas D. Paasche	9974/56 (BH2090.P2)	5204

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EXAMINER

ZURITA, JAMES H

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 06/04/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/714,739

Applicant(s)

PAASCHE ET AL.

Examiner

James Zurita

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 07 March 2003.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 157-168, 170-186 and 188-199 is/are pending in the application.
 - 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 157-168, 170-186 and 188-199 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.
- 12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 - 1. Certified copies of the priority documents have been received.
 - 2. Certified copies of the priority documents have been received in Application No. _____.
 - 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.
- 14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
 - a) The translation of the foreign language provisional application has been received.
- 15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) Notice of References Cited (PTO-892)
- 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____.
- 4) Interview Summary (PTO-413) Paper No(s). _____.
- 5) Notice of Informal Patent Application (PTO-152)
- 6) Other: _____.

DETAILED ACTION

Response to Amendment

Amendment of 7 March 2003 cancelled claims 169 and 187. *Applicant* amended claims 165, 170, 183, 188, 189 and 195 and added new claims 197-199.

Claims 157-168, 170-186 and 188-199 remain and will be examined.

Response to Arguments

Applicant's arguments filed 7 March 2003 have been fully considered but they are not persuasive.

Applicant comments concerning amended claims 165, 170, 183, 188, 189 and 195 and new claims 197-199 are addressed in the rejection below.

Applicant argues that Shell (US Patent 6,415,265) is not available as a reference to *applicant*' claims, since (a) it is a continuation-in-part of Shell (US 6,134,533) and (b) the Examiner did not cite the parent case in his rejection. In response to this argument, the rejection is based on material that is present in both Shell (US Patent 6,415,265) and Shell (US 6,134,533).

While conceding various aspects disclosed by Shell, *applicant* argues that

- *Shell does not* provide for automatic repetition of an order, automatic recurrence of an order or a standing order
- *Shell* lacks disclosure of an order profile since *Shell* is directed to processing individual orders, not a recurring, repeating or standing order, and that
- *Shell does not* suggest a profile for the automatic recurrence or repetition of an order. (amendment B, pages 9-10)

Applicant also argues that while Shell provides for different levels of compensation, Shell does not specify that a "member" is "eligible to buy products at a Member price and is not eligible to earn compensation." Applicant also points out that

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IBO (Independent Business Owners) is another specific term that is eligible to different types of compensation.

In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

Applicant argues one of ordinary skill in the art would not have been motivated to combine Shell with the Amway reference since,

A person of ordinary skill in the art would not have used the information from the Amway reference with the system of Shell for an additional reason. Shell teaches away from the approach used by the Amway reference. Shell notes in the Background section that "all related prior art has required the involvement of a registered seller or operator with privileges to make sales entries to the computer" (col. 1, lines 59-61). The Amway reference is directed to Amway distributors (i.e. registered sellers) (page 3). Since Shell teaches away from the Amway reference, a person of ordinary skill in the art would not have used the teachings of Amway with Shell. (Amendment B, page 10, fourth full paragraph).

In response to this argument, Barron's Dictionary of Business Terms defines Multilevel marketing (MLM) as follows:

Multilevel marketing (MLM) [is] a system of retailing in which consumer products are sold by independent businessmen and women (distributors) usually in customers' home. Distributors are also encouraged to build and manage a sales force by recruiting, motivating, supplying and training others to sell the products or service. Distributors compensation is then based on the sales of the entire sales force in addition to personal sales.¹

Thus, by definition, MLM systems such as disclosed by Shell may be directed to distributors such as disclosed by the Amway reference. Applicant does not appear to argue that his use of the terms MLM or distributors differ from the common ordinary meaning of the terms as they are used by Shell.

¹ Definition of MultiLevel Marketing, Barron's Dictionary of Business Terms.

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Applicant argues that the motivation to combine Shell and the Amway reference is lacking in Shell and that one of ordinary skill in the art would not have combined Shell with Amway to provide the Amway reference's particulars of start date, end dates and quantities:

The Examiner indicates the motivation to combine is that orders and quantities should be defined as much as possible in commerce. However, Shell discloses the needed specificity for orders as processed by Shell. Shell does not suggest an automatically recurring or repeated order, so there is no reason to provide the *start and end dates* in the system of Shell. The motivation cited by the Examiner is lacking as Shell provides very specific information for the type of order processing performed by Shell. (Amendment B, page 10, third full paragraph).

In response, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the *references themselves or in the knowledge generally available to one of ordinary skill in the art*. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

Similarly, the fact that applicant has recognized another advantage which would flow naturally from following the suggestion of the prior art cannot be the basis for patentability when the differences would otherwise be obvious. See *Ex parte Obiaya*, 227 USPQ 58, 60 (Bd. Pat. App. & Inter. 1985). In this case, it is well known that compensation may be in the form of commissions, coupons, discounts, and other forms.

Claim Rejections - 35 USC § 103

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 157-168,170-186 and 188-199 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shell et al. (US Patent 6,415265) in view of AMWAY® Products Delivered on your Schedule, Customer Order Worksheet, published 06/24/1998 (hereinafter the Amway Reference).

Shell discloses an interactive web-based commerce system for fulfilling orders in a multi-level marketing environment. Shell discloses applicability of his system to products such as books, cosmetics, health supplements, cars, tickets, furniture and automatic order and shipping. Shell also discusses changes in standing orders, cancellations and exchange and other customer support features. Shell discloses the use of the Internet, Intranets, Extranets and Portals to connect various portions of the network.

Shell *does not* specifically describe web pages with links to modify standing orders and elements of requested products. However, web links and on-line order updates are common and well known to one of ordinary skill in the art of electronic commerce. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include web links to update standing orders.

One of ordinary skill in the art at the time the invention was made would have been *motivated* to include web links to update standing orders for the obvious reason that user requirements change, often in relationship to fluctuations in the national and international economy. Thus, a user may wish to increase the size of an order for one or more products to meet increased demand for the products. This ability to meet rising

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demand is critical to the health of a market and provides greater benefit to both purchasers and sellers.

Shell *does not* use the terms *order profile* or first profile or second profile.

However, in order for a computer to process standing orders, it is necessary that the information concerning the standing orders and products be stored in the computer.

The data may be stored as one or more records in one or more databases. The data necessary to complete such a record may also be referred to as a profile. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to disclose the use of the terms *order profile*, first profile and second profile.

One of ordinary skill in the art at the time the invention was made would have been *motivated* to disclose the use of the terms *order profile*, *first profile* and *second profile* for the obvious reason that the use of these terms facilitates communication concerning the capabilities of a system. The terms first profile and second profile provide some guidance to those involved in electronic commerce that the items being discussed are separate orders and may combine different products and quantities for each product.

Shell *does not* specifically disclose the use of mainframe computers. However, it is well known that mainframe computers may be linked to various networks to access databases stored on legacy systems. Shell *does not* disclose the use of a shopping cart to hold orders prior to checkout. However, the use of single or multiple shopping cards in an e-commerce environment is well known to one of ordinary skill in the art.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include the use of mainframe computers and shopping carts as part of an on-line ordering system such as Shell's.

One of ordinary skill in the art at the time the invention was made would have been *motivated* to include the use of mainframe computers and shopping carts as part of an on-line ordering system such as Shell's for the obvious reason that many companies maintain huge databases on mainframes. The data on these machines can be made available without incurring additional costs by creating web-enabled front-end applications. This reduces the cost of implementing a on-line shopping system that may utilize modern web tools. One of the many tools that has become common is an electronic shopping cart. It would have been obvious to one of ordinary skill in the art at the time the invention was made to include the use of electronic shopping carts.

One of ordinary skill in the art at the time the invention was made would have been *motivated* to include the use of electronic shopping carts for the obvious reason that shopping carts are an effective way of tracking items that a buyer wants to buy prior to checking out and actually carrying out a purchase over the Internet. A buyer can use the electronic shopping cart to keep track of what he has selected so far, and how much the contents of the cart will cost. Shopping carts permit efficient shopping sessions, and allows buyers to understand electronic shopping in terms of shopping's analogues in the physical world.

Shell discusses multiple levels of compensation, Shell *does not* specifically use the terms member, IBO to identify levels of users and their compensation schemes.

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Shell does not use the term "discount." Compensation is a direct and indirect monetary and nonmonetary reward given on the basis of the value of a job, contributions and performance. It is well known that multi-level marketing provides for several levels of compensation according to specified criteria. For example, Shell describes several levels of such compensation, referring to them as level 1 commission, level-2 commission, level-3 commission.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to disclose compensation in different forms and combinations to different classes of participants in multilevel marketing.

One of ordinary skill in the art at the time the invention was made would have been motivated to disclose compensation in different forms and combinations to different classes of participants in multilevel marketing for the obvious reason that it is important to provide different incentives according to roles. One particular group might prefer to get commissions as a reward. Others might prefer not to show commissions as part of their income and might prefer to receive coupons or other types of discounts on merchandise. Further, the names used to distinguish among different classes of participants are often limited only by the collective imagination of a firm's marketing department. Thus one participant may readily recognize his compensation by using an illustrative term (e.g., happy member compensation, or health-conscious role model participant, etc.) where the same participant may be less comfortable with a term such as level-x, or level-y compensation/commission.

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Shell *does not* specifically disclose that orders are recurring or standing orders. Shell *does not* provide specifics such as start date and end dates of an order and quantities in terms of eaches, cases, unit quantities and lot quantities and bulk shipments. The Amway Reference discloses that orders in an MLM system may be recurring or standing orders. The Amway Reference also discloses the use of specifics such as start date and end dates of an order and quantities in terms of eaches, cases, unit quantities, lot quantities and bulk shipments. The Amway Reference also discloses that orders and products in standing orders may be defined with time intervals upon elapse of which an order is to recur. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to combine Shell and the Amway Reference to disclose standing orders, specific products in a standing order, and attributes for each product being ordered.

One of ordinary skill in the art at the time the invention was made would have been *motivated* to combine Shell and the Amway Reference to disclose standing orders, specific products in a standing order, and attributes for each product being ordered for the obvious reason that in commerce, it is important for orders and quantities to be defined as much as possible. A standing order contract, for example, may require specific amounts of particular products to be shipped. When a seller knows how much of a product must be sent, the seller can plan his inventory more effectively and be able to perform his contractual obligations. Similarly, buyers can make commitments for down-stream distribution when they are assured that they will have the materials on hand to sell to a second party. When such planning is not done properly,

lawsuits and economic chaos may result. Uncertainty may lead to increased costs to buyers and sellers alike and may ultimately impact the economy as a whole, resulting in lost jobs and opportunities.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to combine the teachings of Shell with the Amway Reference and knowledge generally available to disclose web links from shopping carts to a standing order page.

One of ordinary skill in the art at the time the invention was made would have been *motivated* to combine the teachings of Shell, the Amway Reference and knowledge generally available to disclose web links from shopping carts to a standing order page for the obvious reason that computer-human interaction is facilitated with the use of links from one page to another. On the Web, such links are commonly called hyperlinks. They serve to facilitate the use of a web site according to the business needs of the system.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the

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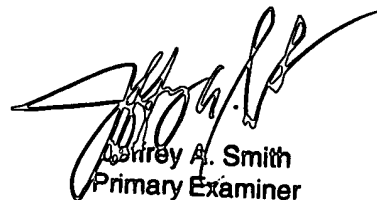
shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Zurita whose telephone number is 703-605-4966. The examiner can normally be reached on 8:30 am to 5:00 pm, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on 703-308-1344. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose phone number is 703-308-1113.

JZ
James Zurita
Patent Examiner
Art Unit 3625
June 2, 2003


Jeffrey A. Smith
Primary Examiner